IN THE HIGH COURT OF JUDICATURE FOR RAJASTHAN AT JAIPUR BENCH JAIPUR.

ORDER
In
S.B. Company Application No. 17 of 2006

IN THE MATTER OF THE COMPANIES ACT 1956
AND
IN THE MATTER OF SECTION 391 AND SECTION 394 OF THE COMPANIES ACT 1956
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT
BETWEEN

Associated Stone Industries (Kotah) Limited
..... Petitioner Company No.1
Vast Textiles Limited
..... Petitioner Company No.2

Date of Order : May 19, 2006

P R E S E N T

HON'BLE MR. JUSTICE SHIV KUMAR SHARMA

Mr. Paras Kuhad for the applicants.

BY THE COURT

The applicants have filed this application under sections 391 and 394 of the Companies Act, 1956 (hereinafter shall be referred to s the Act of 1956) for a direction of the Court as to the method of convening, holding and conducting the meetings of the shareholders and creditors of the respective

applicant companies, as to the notices and advertisements to be issued,for the purpose of considering and, if thought fit, approving with or without modification, the scheme of arrangement proposed between Associated Stone Industries (Kotah) Limited and Vast Textiles Limited.

2. Associated Stone Industries (Kotah) Limited (hereinafter shall be referred as the applicant Company No.1) is a company duly incorporated under the Indian Companies Act, 1913 on January 17, 1945 vide Certificate of Incorporation No.19 of 1944-45. The company was originally incorporated with its registered office at Kotah State.

3. The position authorized issued, subscribed and paid up capital of the applicant company No.1 as on October 15, 2005 is detailed out in para No.3 of the application.

4. The main objects of the applicant company No.1 as set out in the object clause of its Memorandum of Association, have been detailed out in para No.5 of the application. The copy of the latest audited annual accounts of the applicant company No.1 for the year ended on October 15, 2005 has been submitted as Annexure C to the application.

5. Vast Textiles Limited (hereinafter shall be referred as the applicant Company No.2) is a company duly incorporated under the Companies Act 1956 as Vast Textiles Ltd. On May 22, 2001 vide certificate of incorporation No. 17-017036 of 2001-2002. The company was incorporated with its registered office in State of Rajasthan.

6. The position authorized issued, subscribed and paid up capital of the applicant company No.2 as on October 15, 2005 is detailed out in para No.8 of the application.

7. The main objects of the applicant company No.2 as set out in the object clause of its Memorandum of Association, have been detailed out in para No.10 of the application. The copy of the latest audited annual accounts of the applicant company No.2 for the year ended on October 15, 2005 has been submitted as Annexure E to the application.

8. Associated Stone Industries (Kotah) Limited (applicant company No.1) Demerged Company is a listed company engaged in various businesses which comprise of mining, quarrying, processing and polishing of stones etc. manufacture, processing, spinning and trading of all kinds of yarn, fabrics, cloth and textiles. Vast Textile Limited (resulting Company applicant Company No.2) is primarily engaged in the business of dealers in and as brokers agents, stockist, distributors and supporters of all kinds of yarn, fabric, cloth and textiles.

9. A composite Scheme of Arrangement pursuant to sections 391 to 394 of the Companies Act, 1956 has been arrived at in its present form or with any modifications approved or imposed or directed by the shareholders and/ or creditors of applicant Demerged Company or Resulting Company or by the High Court. The composite Scheme has been reproduced in para 13 of the applicant.

10. Proposed scheme of arrangement, it is averred in para 14 of the

application would result in the mining and manufacturing activities being carried on by two independent and separate companies. This would enable the management of the two companies to focus on their individual operations, result in reduction in overall costs of management and operations and permit strategic investors to invest in both the businesses directly.

11. The proposed scheme of arrangement divided into three parts. The proposed scheme of arrangement also provides for various other matters consequential or otherwise integrally connected therewith.

12. The applicant Demerged company (applicant company No.1) and the Resulting Company (applicant company No.2) in their respective Board meetings have approved the scheme of arrangement. The applicant Demerged company has filed applications along with the copy of scheme of arrangement to the Bombay Stock Exchange and the Jaipur Stock Exchange.

13. the major benefits that will accrue from the proposed scheme of arrangement have been stated in para 18 of the application.

14.The details of number Directors of the applicant companies are given in paras 19 and 20 of the application.

15. The applicant Demerged Company has around 2600 shareholders 1000 unsecured creditors and 5 secured creditors. The Resulting Company has around 12 shareholders, 5 unsecured creditors and has 4 secured creditors.

16. Having heard the learned counsel for the applicants, on perusal of the entire application, it is ordered that the separate meetings of the shareholders and unsecured creditors and secured creditors of the applicant companies for the purpose of considering and if thought fit, approving with or without modifications, the scheme of arrangement aforesaid shall be convened and held as per the following schedule -

Name	Date and time	Place
Shareholders of the Company 1	15.7.2006	Registered office of the company
Secured creditors of the company 1	15.7.2006	Registered office of the company
Unsecured creditors. Of the company 1	15.7.2006	Registered office of the company

The meetings shall be held at 10.00 a.m. 12.00 noon and 2.00 p.m.

17. That at least 21 clear days before the days fixed for the meetings an advertisement convening the same and stating that copies of the said scheme of arrangement and of the statements required to be furnished shall be furnished pursuant to section 393 of the Act, 1956 and forms of proxy can be obtained free of charge at the office of the applicant No.1 and 2 respectively or from the office of their advocates be advertised once in the dailies namely, English News paper -Financial Express (New Delhi Edition) and Hindi News paper- Dainik Bhaskar (Jaipur Edition)

18. That atleast 21 clear days before the meetings to be held as aforesaid a notice convening the said meetings at the place and time aforesaid, together with the copy of the said scheme of arrangement, a copy of the statement required to be sent under section 393 of the Act, 1956 and the prescribed form of proxy, shall be sent by prepaid post under certificate of posting addressed to each of the shareholders and creditors, whose meetings are to be held at the respective registered addresses.

19. That the advocates for the applicant company No.1 do, within the time as they consider necessary and at least within three days, file in Court the forms of the advertisement, the notices and statement to accompany the notices, and the same shall be settled by the Registrar of this Court.

20. That Shri Jagdish Thada, Advocate Rajasthan High Court, shall be the Chairman of the meetings of the shareholders, secured creditors and unsecured creditors to be held on July 15, 2006 as aforesaid. The applicant company Nos. 1 and 2 shall deposit in the court or pay within one week from today an amount of Rs. 33,000 (Rs. 11,000/- for each meeting) towards remuneration to the Chairman for presiding the meetings aforesaid. The applicant company No.1 shall also bear the expense of conveyance of the the Chairman for the said meetings.

21. That the Chairman appointed for the meetings through applicant Company l do issue the advertisement and send out the notices of the meetings referred to above.

22. That the quorum for the said meetings shall be as per the provisions

of the Act, 1956

23. That voting by proxy be permitted, provided that a proxy in the prescribed form duly signed by the person entitled to attend and vote at the meetings, is filed with the applicant company No.1 at their registered office, aforesaid not later than forty eight hours before the meetings scheduled to be held.

24. That the value of each shareholders and creditor shall be in accordance with the books of the applicant com;any nos. l and 2 and where the entries in the books are disputed the Chairman shall determined the value for purposes of the meetings.

25. And it is further ordered that the Chairman do separately report to this Court the result of the said meetings within seven days of the conclusion thereof, and the said reports shall be verified by his affidavit.

26. With these directions the application accordingly stands disposed of.

(SHIV KUMAR SHARMA)J.

Pareek/